TRAINING THE FORCE: DEVELOPING FINANCIALLY FIT SERVICE MEMBERS FOR TODAY'S MILITARY

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DARIUS F. "PETE" PETERSON, MAJ, USA ARMY
BA, Troy State University, Dothan, AL, 1995

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?$FREE CASH NOW$! No credit? Not a problem, Bankruptcies OK.? Misleading or questionable ads like these are common in the military community. Additionally, indebtedness among service members is on the rise and has significantly impacted readiness and soldier well-being. To offset this trend, Army leaders should act in concert with Consumer Affairs Financial Assistance Program (CAFAP) personnel to combat debt proliferation and associated problems. According to former CSA General (Ret.) Carl Vuono, ?training is the cornerstone of readiness.? However, a performance-oriented, ?commander-centric? financial training program is lacking. This absence of common core instructions has systematically affected the Armed Services and cost Post Exchanges and Commissaries millions of dollars per year. Although Army Regulation 600-15, Indebtedness of Military Personnel, mandates soldiers to wisely manage their finances and promptly pay debts, it does not provide instructional advice for success. Instead, it is more creditor-focused requiring leaders to process complaints against soldiers. Finally, several military studies by RAND have cited junior enlisted soldiers (less than ten years of service) are the most likely candidates to experience financial difficulties.

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Name of Candidate: Major Darius F. “Pete” Peterson

Thesis Title: Training the Force: Developing Financially Fit Service Members for Today’s Military

Approved by:

____, Thesis Committee Chairman
COL Stephen M. Spataro, M.B.A.

____, Member
Harold S. Orenstein, Ph.D.

____, Member
MAJ Dennis J. Bay, M.B.A.

Accepted this 6th day of June 2003 by:

____, Director, Graduate Degree Programs
Philip J. Brookes, Ph.D.

ABSTRACT

TRAINING THE FORCE: DEVELOPING FINANCIALLY FIT SERVICE MEMBERS FOR TODAY'S MILITARY, by MAJ, Darius F. Peterson, 56 pages.

"$FREE CASH NOW$! No credit? Not a problem, Bankruptcies OK." Misleading or questionable ads like these are common in the military community. Additionally, indebtedness among service members is on the rise and has significantly impacted readiness and soldier well-being. To offset this trend, Army leaders should act in concert with Consumer Affairs Financial Assistance Program (CAFAP) personnel to combat debt proliferation and associated problems. According to former CSA General (Ret.) Carl Vuono, "training is the cornerstone of readiness." However, a performance-oriented, "commander-centric" financial training program is lacking. This absence of common core instructions has systematically affected the Armed Services and cost Post Exchanges and Commissaries millions of dollars per year. Although Army Regulation 600-15, *Indebtedness of Military Personnel*, mandates soldiers to wisely manage their finances and promptly pay debts, it does not provide instructional advice for success. Instead, it is more creditor-focused requiring leaders to process complaints against soldiers. Finally, several military studies by RAND have cited junior enlisted soldiers (less than ten years of service) are the most likely candidates to experience financial difficulties.

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TABLE OF CONTENTS

ACRONYMS

AAFES	Army and Air Force Exchange Service
ACS	Army Community Service
AD	Active Duty
ADS	Active Duty Survey
AER	Army Emergency relief
AFTB	Army family Team Building
AGR	Active Guard Reserve
AIT	Advanced Individual Training
APR	Annual Percentage Rate
CAFAP	Consumer Affairs Financial Advocacy Program
CFS	Command Financial Specialist
DOD	Department of Defense
DFAS	Defense Finance and Accounting Service
ECI	Enlisted Career Intentions
EFT	Electronic Funds Transfer
FAO	Finance and Accounting Office
FAP	Financial Advocacy Program
IET	Initial Entry Training
KSA	Knowledge Skills and Ability
LES	Leave and Earning Statement
MBF	Military Banking Facility
NCOES	Non Commissioned Officer Education System
OBC	Officer Basic Course

OFE	Office of Financial Education
PCS	Permanent Change of Station
READY	Resources for Educating About Deployment & You
SECDEF	Secretary of Defense
TDY	Temporary Duty
TRADOC	Training and Doctrine Command
TSP	Thrift Savings Plan
UCMJ	Uniform Code of Military Justice

ILLUSTRATIONS

TABLES

CHAPTER 1

INTRODUCTION

> Despite soldiers' genuine desire to be financially stable, some soldiers are burdened beyond their means. If societal influences to buy on credit are not enough, the economic well-being of soldiers is further challenged by frequent change. Whether it's being assigned to high-cost areas, lengthy deployments or the need to take care of a family, they said soldiers shoulder a heavy responsibility. Among newly enlisted soldiers, 26 percent are married. Some of them enter military service with past debt, and others acquire it in the course of their careers. (Office of the Chief of Public Affairs 2001, 4)

Background

In an age of credit addiction and instant satisfaction, lending institutions are gaining new members daily. Although some service members are already steeped in debt, new offers of easy, accessible loans continue to confront them. The access to seemingly limitless quantities of money tends to stifle budgeting for major purchases; thus, plunging them deeper into a state of credit dependency. The plight of soldiers, sailors, airmen, and marines is further compounded by numerous deployments, assignments to high cost of living areas, and frequent moves. AR 600-15 *Indebtedness of Military Personnel* requires soldiers to promptly and fully pay their debts; therefore, leaders must play key roles in ensuring compliance.

Because service members face many of the unique assignment stressors addressed above, US military ranks are systematically challenged with issues regarding personal finance. Many have become casualties of steadily increasing debt loads due to individual mismanagement. The lack of proper, comprehensive financial training has largely affected readiness and has cost the Department of Defense (DOD), AAFES, and base commissaries millions of (avoidable) dollars per year. Periodically, Armed Forces personnel are exposed to information concerning personal financial matters through scheduled briefings by service-unique community organizations. These forums are normally held at the request of the chain of command and tend to focus on familiarization rather than actual training. Hence, soldiers occasionally do not receive extensive, relevant training until the chain of command gets involved to resolve indebtedness. After one indicator surfaces, for example, bounced checks or calls from creditors, more are usually looming in the background.

If DOD's leadership and military personnel continue financial training at its present level and methodology, force readiness may experience a progressive decline through problems of retention and recruitment of quality personnel. Quality soldiers and family members may continue to leave the ranks, feeling the service is unsympathetic to their welfare. According to a 1997 Marywood University survey, one in ten sailors listed personal financial struggles as his or her main reason for leaving the service. Those remaining in service tend to take on second jobs that cut into quality family time. Much of the time spent working second jobs could be better spent increasing personal and professional knowledge, skill, and ability (KSA) sets. The enhanced KSAs normally increase the individual's potential, resulting in promotions and higher salaries.

Research Question

The primary research question is: Does the lack of financial and consumer related training have a negative impact on military personnel readiness?

The secondary questions are:

1. What are some results of inadequate financial readiness training?

2. Are some military members more susceptible to indebtedness than others?

3. What is the current methodology for instructing soldiers in matters of financial literacy?

4. Should DOD develop a joint, comprehensive personal finance curriculum for the Army, Navy, Air Force, and Marines?

Since military personnel are a microcosm of society, it is critical to take a look at the culture shaping their fiscal habits and decisions. In order to examine the magnitude of rising fiscal illiteracy, finding the root problem is imperative. Normally, it is assumed lessons in personal finance are taught in schools; however, the majority of Americans receive very little formal training in money management. This lack of skill has led to a somewhat "debt-centric" society. In the following tables, table 1 depicts filings for personal and business bankruptcies while table 2 reflects the type of filings declared.

Table 1. U.S. Bankruptcy Statistics

Business and Non-business Filings
Years Ended March 31, 1998-2003

Year	Total	Non-business	Business
2003	**1,611,268**	**1,573,720**	**37,548**
2002	1,504,806	1,464,961	39,845
2001	1,307,857	1,271,865	35,992
2000	1,301,205	1,263,096	38,109
1999	1,419,199	1,378,071	41,128
1998	1,423,128	1,370,490	52,638

Source: News Release Administrative Office of the U.S. Courts: Karen Redmond, *U.S. Bankruptcy Statistics* (www.uscourts.gov, 15 May 2003).

Table 2. Total Bankruptcy Filings by Bankruptcy Chapter

Total Bankruptcy Filings by Bankruptcy Chapter Years Ended March 31, 1998-2003					
	Chapter				
Year	7	11	12	13	Other
2003	**1,135,436**	**10,722**	**632**	**464,369**	**109**
2002	1,059,777	11,477	389	433,107	56
2001	904,397	10,139	248	393,033	40
2000	908,802	10,071	739	381,568	25
1999	1,017,049	8,010	859	393,245	36
1998	1,007,213	10,244	880	404,749	42

Source: News Release Administrative Office of the U.S. Courts: Karen Redmond, *Total Bankruptcy Filings by Bankruptcy Chapter,* (www.uscourts.gov, 15 May 2003).

As shown in the table above, Chapter 7 and Chapter 13 bankruptcies are the most common types. Chapter 7 allows the petitioner to get rid of most of his or her unsecured debt (signature loans and credit cards). On the other hand, Chapter 13 is more of a repayment plan for some or all of a person's debt. A bankruptcy judge is the final authority on approving a feasible financial restructuring plan. To effectively deal with these overwhelming caseloads, new legislation is underway to establish twenty-seven additional bankruptcy courts. Because of increased declarations of bankruptcy, businesses routinely pass their losses back to other consumers through higher prices and interest rates.

In an effort to broaden their client base, many businesses have targeted America's teenagers, who normally spend around $150 billion annually (White Paper U.S. Department of Treasury 2002). With this in mind, businesses have created a host of venues to attract these adolescent customers who have means, funds, and propensities to buy. Because of a lack of financial training, teenagers with means are more likely to spend rather than save money.

To enhance financial education among school-aged children, a nonprofit organization called the Jumpstart Coalition was formed in 1997. The Washington, D.C.-based foundation is dedicated to producing financially competent students by the completion of high school. In order to keep America's youth from burying itself in premature financial graves, Jumpstart encourages teachers, governmental agencies, and businesses to instill and reinforce sound attitudes toward money. An excerpt from the organization's homepage (www.jumpstart.org), declares its goal for students in the following passage:

> The Jump$tart Coalition for Personal Financial Literacy determined that the average student who graduates from high school lacks basic skills in the management of personal financial affairs. Many are unable to balance a checkbook and most simply have no insight into the basic survival principles involved with earning, spending, saving and investing. Many young people fail in the management of their first consumer credit experience, establish bad financial management habits, and stumble through their lives learning by trial and error. The **<u>Coalition's direct objective</u>** is to encourage curriculum enrichment to insure that **basic personal financial management skills are attained during the K-12 educational experience.** The wheels of education do not need to be reinvented, they simply require balance[emphasis mine].

In 2002 Jumpstart published a survey of high school seniors based on their knowledge of personal finance. The results were alarming because participants averaged a grade of 50.2 percent. This score is lower than both the 2000 and 1997 scores of 51.9 and 57.3 percent respectively. Topics addressed in the survey included insurance purchases, credit card management, investments, and retirement information. To capitalize on the findings presented by Jumpstart, fiscal management and education is should be an integral part of school curriculums.

Since high school students are frequently recruited for military service, they may have a propensity to continue demonstrating a lack of money management. This is potentially devastating because of the mobile lifestyles associated with soldiers. In efforts to mitigate the effects of financial illiteracy, agencies like the Consumer Affairs and Financial Assistance Program (CAFAP) were developed. Specifically, CAFAP assists soldiers and family members in attaining economic well-being through wise fund management. The organization is usually located within Army Community Service (ACS) and consists of programs specializing in budgeting, debt management, consumer affairs, and debt liquidation services. Client records for 1999 show soldier indebtedness topped the $37 million mark. The program was able to reduce the amount by $11 million. Additionally, over twenty thousand soldiers sought relief through debt liquidation (20,409 members for one-time service and 20,274 for ongoing service). Figure 1 shows a more comprehensive account of the services performed in 1999.

Soldiers Receiving Consumer & Financial Services in 1999

CONSUMER SERVICES		
One-time service		94,973
Ongoing service	E-1 through E-4	27,314
	E-5 through E-9	8,776
	Warrant officers	325
	Officers	1,367
DEBT LIQUIDATION		
One-time service		20,409
Ongoing service	E-1 through E-4	14,019
	E-5 through E-9	5,702
	Warrant officers	127
	Officers	426
BUDGET COUNSELING		
One-time service		95,500
Ongoing service	E-1 through E-4	31,795
	E-5 through E-9	13,068
	Warrant officers	306
	Officers	1,047

Figure 1. Chart of Services. *Source:* Office of the Chief of Public Affairs. *Consumer Affairs and Financial Assistance Program,* Hot Topics--Current Issues for Leaders, (fall 2001) 5.

What is the import of this research? Inherently, regarding the military culture, financial skills are assumed. This assumption is impacting readiness, costing millions annually, and making DOD more susceptible to fraud and abuse. Because balancing a checkbook, budgeting, and investing money is not a “go to war” or “hard combat” skill; it is often overlooked in military training system. If a domestic or global crisis arises and a soldier experiences financial hardship, there is seldom a reprieve from deployment. Yet, commanders may have service members who do not have all of their faculties devoted to the effort. This is particularly distressing when personnel are mission essential or in positions of trust. Additionally, for every service person deployed with finance problems, there is normally a family left behind experiencing a crisis also.

Why should DOD and the service chiefs worry about CAFAP and economic statistics? Reports have shown debt and other money issues can induce stress and trigger family violence. As soldiers return from long deployments, many of them (especially E1-E6) may experience financial problems. These issues coupled with battlefield rigors and reunion impact may cause stress on their marriages possibly leading to domestic abuse. When Fort Bragg soldiers returned from Afghanistan in the summer of 2002, several killed their spouses. The tragedy was first thought caused by Lariam (an anti-Malaria drug). Upon a thorough review by a military panel, the drug was cleared as the primary catalyst and ongoing marital problems were cited in some cases. In order to stop domestic abuse at the root, DOD has made great strides in identifying and preventing domestic violence issues. Regarding financial problems, the spring 2003 *Hot Topics--Current Issues for Leaders* magazine entitled “Family Violence Behind Closed Doors,” listed these difficulties as a possible trigger in domestic abuse. A more comprehensive list is cited below.

1. Historical abuse within the family or one of the parent’s past.
2. Marital problems, divorce and single parenthood.
3. Psychological dependence of a spouse on the service member.
4. An increase in individual or family stress.
5. Change in **marital roles** upon **deployments** and **reunions**.
6. Social isolation or a limited support network.
7. **Financial problems.**

Consequently, a soldier’s financial situation can affect individual and unit readiness, deployability, morale, and retention. Since management of personal finances continues to be a challenge, leaders at all levels should foster an environment of thrift and open communications about potential financial issues (Office of the Chief of Public Affairs 2001,12). The combined effort of CAFAP personnel and unit leadership working in concert is the right tool to successfully train service members.

A 1997 study conducted by Marywood University in Scranton, Pennsylvania, indicated nearly one-third of the sailors could not pay their bills. The personal financial mismanagement was effectively costing post/base exchanges and commissaries over $200 million annually in bankruptcies, loan defaults, and bad checks. The pervasiveness of the financial difficulties was so rampant that the officer corps reported more pay problems than the lesser-paid enlisted sailors. Statistically, this was an anomaly. Authors of the study reviewed records of previous surveys beginning in 1995 and noted the following trends:

1. Naval officials receive nearly 123,000 letters of indebtedness from external creditors.

2. Navy commissaries process approximately 75,000 bad checks annually.

3. An estimated 99,000 worthless checks are presented to the Navy exchange per annum.

4. In 1996, nearly 4300 sailors filed for personal bankruptcy, citing the Navy as the primary lender. This figure did not include the number of private bankruptcy declarations.

5. Nearly sixty percent of revoked security clearances were attributed to financial impropriety.

6. Nearly forty-three percent of enlisted sailors reported difficulty in paying bills compared to forty-five percent of the officers.

Overall, the issue is significantly impacting the Navy's personnel readiness. As mentioned earlier, one in ten sailors cited his dismal finances as reasons for not re-enlisting, thus, causing DOD to lose valuable, trained personnel. The Marywood study also estimated these problems accounted for somewhere between $172 million to $258 million in indirect costs, while direct costs were about $36 million.

To shed additional light on the subject, a 1997-documented briefing by RAND regarded NCOs as first line defenders against fiscal challenges encountered by service members personnel. Figure 2 highlights the importance of leaders in dealing with the financial well being of service members.

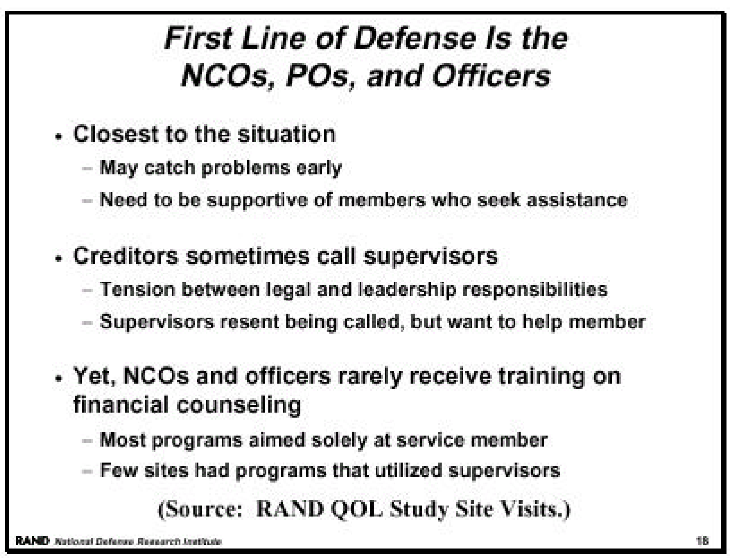

Figure 2. Chart First Line of Defense is NCOs. *Source:* Peter Tiemeyer, *Financial Management Problems Among Enlisted Personnel* (Santa Monica, CA: RAND, December 1997), 19.

Most noticeable is the apparent disconnect between military leaders and financial management personnel. Financial counselors tend to operate under the assumption they are solely responsible to one person, the client or soldier seeking help. Currently, only a few programs emphasize training supervisors to help deal with the problem. Resolving this could help to ensure young soldiers receive adequate training, thus increasing their money management skills and fostering self-reliance. According to the Report on Personal and Financial Management Programs (a 31 March 2002 DOD report to Congress), there is normally only one financial specialist for every 7,196 assigned soldiers. If sergeants and staff sergeants are exposed to financial literacy training, they can free up CAFAP specialists to handle the more sophisticated cases.

Assumptions

It is assumed DOD and military leaders will work jointly to develop a comprehensive personal financial training program to increase fiscal literacy among service members. Consequently, this measure should help in the following areas:

1. Reduction in the amount of personal debt accumulated by service members.
2. Enhance quality of life standards for military-affiliated personnel.
3. Increase the military personnel readiness posture by instilling individual self-reliance.
4. Bolster recruitment and retention of quality personnel.
5. Enhance national security by reducing the amount of clearance revocations due to negative credit histories.

Also, due to the nature of the military profession, it is assumed service members will continue to experience frequent deployments, permanent changes of station (PCSs), and assignments to high cost living areas. This is particularly true in light of the Global War on Terrorism.

Limitations

This research is restricted to the active components of the Army, Navy, Air Force, and Marine Corps. Reservists and National Guardsmen are not a part of the researched data.

CHAPTER 2

LITERATURE REVIEW

Regardless of MOS or grade, at some time or another many service members will experience some form of financial difficulty. Because of its scope and frequency, indebtedness is affecting readiness and quality of life standards. Since the issue has grown steadily in recent years, several RAND studies have been commissioned to analyze associated problems and recommend solutions to rectify or mitigate the problems. Although the financial management issue is pervasive throughout the Armed Forces, the most susceptible population is junior enlisted personnel (members with less than ten years of service). In a 1999 RAND study, a host of unit leaders and NCOs reported:

> Financial problems were widespread for junior enlisted personnel. These problems consumed large amounts of member and **management time**. The financial problems **frequently** affected job performance directly as well as indirectly through fallout from subsequent family and **marital** problems. In some severe cases, members are **sent home during deployments** to rectify a financial crisis (e.g., eviction from apartment, being threatened with repossession by creditors). While some emergencies are inevitable, these situations are generally the culmination of a long pattern of financial problems. The costs of these crises are large. **First**, they are stressful and disruptive for the members and their families. **Second**, the military incurs extra costs for shipping the members home, is shorthanded for the deployment, and reaps little returns on predeployment training costs[emphasis mine]. (Buddhin and Do 2002, 2)

Additionally, the RAND study, which was sponsored by the Office-of-the-Secretary-of-Defense, concluded approximately thirty-five percent of first term personnel from all four services have frequent financial issues. The statistics are further broken down into the following areas:

1. Twenty-seven percent reported having trouble paying their bills.
2. Twenty-one percent said they had received pressure from bill collectors.

3. Nineteen percent said they had trouble making ends meet.

4. Nine percent had pawned valuables.

5. Four percent were behind in their rent or mortgage payments.

6. Four percent reported “serious” difficulties, such as having utilities shut off, repossession or bankruptcy.

The goal of the following figures is to provide a foundational picture that debt is having on junior enlisted service members. Figure 3 highlights 20 percent of enlisted soldiers had tough times making ends meet and 32 percent experienced occasional financial difficulties. Figure 4 reflects 9.6 percent of the population have had utilities shut off along while 9.1 percent had to pawn or sell valuables to cope. Lastly, figure 5 denotes more than 75 percent of soldiers in over their heads faced serious problems paying bills within the preceding year.

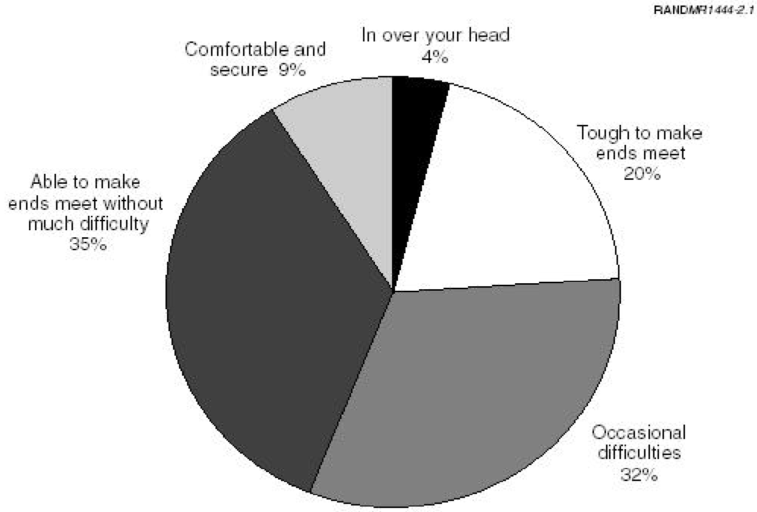

Figure 3. Chart Self-Reported Financial Condition of Military Members in 1999. *Source: Richard Buddhin, Assessing Personal Financial Problems of Junior Enlisted Personnel* (Santa Monica, CA: RAND, 2002), 11.

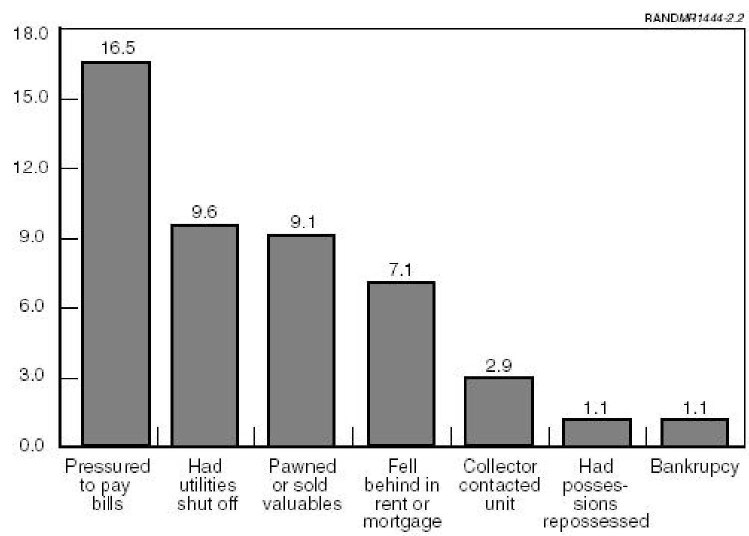

Figure 4. Chart Extent of Financial Problems Among Enlisted Members during the Past 12 Months, 1999. *Source:* Richard Buddhin, *Assessing Personal Financial problems of Junior Enlisted Personnel* (Santa Monica, CA: RAND, 2002), 12.

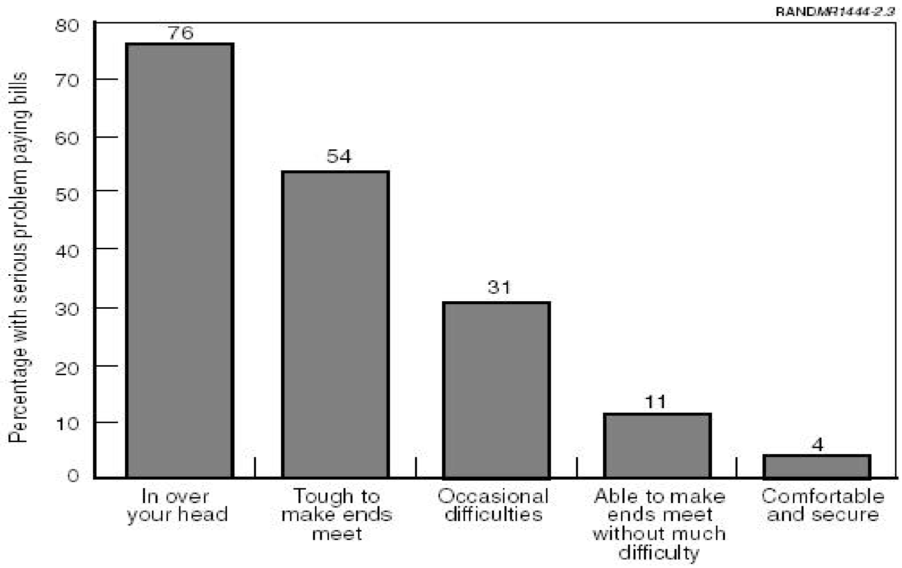

Figure 5. Chart Extent of Financial Problems by Members' Financial Condition, 1999: *Source:* Richard Buddhin, *Assessing Personal Financial problems of Junior Enlisted Personnel*, (Santa Monica, CA: RAND, 2002) 13.

In conducting their study, researchers sought to narrow the focus on factors leading to service members' fiscal troubles. To concentrate their efforts, two major fields were selected: demographics and the nature of military work. Under demographics six areas were identified: youth and immaturity, independence, family responsibilities, unemployed spouse, children, and education. The nature of work demographic included deployments, frequent moves, separation from extended family members, high cost of living, and stability of employment. Although it is largely believed low enlisted pay is the primary reason for the debt proliferation, statistics show the ease and availability of credit as key factors. In the early seventies and eighties, loan officers and credit card companies were more discriminating to whom they would extend credit. However, in recent years, individuals with a means of visible income easily qualify for loans and credit cards.

According to CardWeb.com, the average American household has at least one credit card and has a cumulative balance of over $8,000. These cards normally have high interest rates running upwards of twenty-one percent or more. Instead of conserving funds for future purchases, statistics routinely show many consumers use credit cards. In doing so, they tend to buy impulse items more frequently. Long after the merchandise or service has been consumed, the owner is still left with the credit card bill. Because of the ease of charging transactions to credit cards and the minimum payment mentality, this form of debt is quite detrimental.

Today's service personnel are also plagued by credit card dependence. Not only do they share in the estimated $8,000 dollar debt pool with their civilian counterparts, some have large amounts of debt on government related credit cards. Although they are highly trained and operate some of the most sophisticated equipment in the world, many are inadequately educated in matters of personal financial management. Government credit card abuse is a clear and present symptom of the training deficiency. A 1998 Travel and Transportation Reform Act mandated federal employees to use government cards instead of personal cards for travel. Since the number of military personnel abusing travel cards has risen steadily, it has become a major problem for DOD leaders. According to an online BBC News Americas article entitled, *Pentagon In Credit Card Misuse*, Senator Charles Grassely warned DOD leaders about lax policies regarding fraud and abuse. Additionally, the article reported, 46,572 defense personnel had defaulted on more than $62 million, in "official" travel expenses as of November 2001. Of these over 46,000 personnel, 713 commissioned officers were responsible for more than $1 million (www.News.BBC.CO.UK, 14 March 2002).

In light of several GAO reports, a defense task force was established to investigate card abuses and recommend solutions to fix them. Based on the data from GAO Report 03-169, the Army had the highest delinquency rate among the four services. The report states the high delinquency and default rate resulted in a "contentious relations" with the program's sponsor--Bank of America. After much negotiation and contract modifications (including increased fees), the program remains intact. To ensure the matter was promptly addressed and fixed, legislators made a personal plea to Secretary of Defense (SECDEF) Rumsfeld to get a handle on the credit card situation. Estimated costs for the delinquencies cost related banks nearly $1million a day in writing off bad debts. Shown at table 3 is a cumulative charge-off for the Armed Forces as of 31 March 2002.

Table 3. Cumulative Charge-offs and Delinquencies by Service

Dollars in millions

DOD service	Total cumulative charge-offs[a]	Cumulative recoveries[a, b]	Net cumulative charge-offs[a]	Delinquencies as of March 31, 2002[c]
Army	**$33.5**	**$12.9**	**$20.6**	**$8.4**
Air Force	11.6	4.7	6.9	5.0
Navy[d]	16.6	6.2	10.4	6.0

[a]Cumulative charge-offs and recoveries are from November 1998 through March 2002.

[b]Recoveries represent amounts recovered through collection actions on accounts that have been charged off by Bank of America.

[c]Delinquencies represent amounts not paid within 60 days of the travel card monthly statement closing date, which is the cutoff date for charges to be included in the monthly statement. Under the terms of the travel cardholder's agreement with Bank of America, payment of the travel card statement is due to Bank of America within 25 to 30 days of the statement closing date.

[d]Includes Marine Corps.

Source: GAO analysis of Bank of America and General Services Administration data.

Source: GAO Report 03-169, *Cumulative Charge-offs and Delinquencies by Military Service as of 31 March* (2002), 10.

The overall goal of the travel card program was supposed to generate dollars for DOD use by creating better efficiency. This efficiency included less paperwork and fewer personnel to manage the process. Yet, the process has experienced major challenges through misuse and non-payments. To curb this cycle, supervisors have to implement better systemic controls and monitor card usage.

As the task force continued its investigation, members uncovered a gap in reporting procedures regarding security clearances. The chairman stated:

> We also found many instances in which there was no evidence that Army security officials were informed of travel card charge-offs for consideration in reevaluating security clearances. **Army regulations** provide that an individual's **finances** are one of the **key factors** to be considered in whether an individual should **continue to be entrusted with a secret or top-secret clearance.** However, we found that Army security officials were unaware of travel card debt problems and, consequently, did not consider this information in determining whether these individuals should continue to receive their security clearances. Our review of the 105 charge-off cases discussed previously showed that of **43 cardholders** who had secret or **top-secret** clearances at the time their accounts were charged off, 38 maintained the same level of clearance as of June 2002 [emphasis mine]. (GAO-03-169, 2002)

In essence, the lack of effective accountability and financial mismanagement has left a gaping hole in established security parameters. Individuals with debt and financial pressures are easy candidates for espionage and should be removed from positions of trust until the problems are resolved. However, in the government travel card case, the issue was even more severe because no one knew that people entrusted with Top Secret clearances were defaulting on their obligations.

In response to perceived and reported financial difficulties, a January 2000 Army Ideas for Excellence (AEIP MD-ME-001353) was submitted. The author (a company commander) sought to assist military leaders in recognizing and retarding the tide of debt proliferation among service personnel. The suggestion analyzed numerous forums and measures that effectively dealt with financial mismanagement and distilled this into a single resource for consultation. It encouraged leaders at all levels to take a proactive stance to equip military members with the best financial management training available. The initiative's goal focused on producing and developing fiscally responsible men and women for the Total Force. This endeavor would ultimately empower them to accumulate and sustain wealth rather than waste it.

Further, it sought to assist soldiers in understanding consumer contracts, as well as managing and paying off debt. The idea listed DOD as the lead agency or key enabler to develop or certify an existing program of instruction (POI) as a baseline for all four services. To ensure the training is relevant and reliable, maximum use of certified financial planners was a specified goal. Further, the suggestion stressed that training should be periodic and consistently enforced by leaders at all levels to ensure compliance. Lastly, the development of a financial management "smart book" was highlighted. A book that is easy to understand and easy to carry around in a cargo pocket. Currently, one such resource exists but appears not to be widely circulated or stressed to soldiers. It is TC 21-7, *Personal Financial Readiness and Deployability Handbook.* TC 21-7 is simple to understand and can help service members gain a firm financial foothold. In several sections, the training circular presents scenarios of subordinates talking to NCOs about checking, credit cards, and other issues.

In relation to financial management ideas and others initiatives, all four armed services have started to monitor personal financial management more closely. Of particular note, the Navy is stridently helping its sailors deal more effectively with financial management problems. In an in-depth interview presented by the Comptroller of the Navy, Charles Nemfakos (14 November 2000), the Navy's research was on point and the ideas proposed to combat the problem was also insightful. The following is an excerpt of the dialogue:

> Now, what's the magnitude of the problem? Around 70,000 financial cases a year for the Navy Marine Corps Relief Society -- loans and grants that average around $45 million a year from us. This is a significant amount of money, which I addressed to the Navy leadership and to the Department of Defense. We recognized then, first of all, was a compelling responsibility to provide accession training for these young people as they made the transition from the civilian life into the military life, because there was no training in their background in high schools or, perhaps, from families. Secondly was the feedback from commanders of units. It's either the number <u>one or two</u> issue <u>impacting on readiness</u> in the <u>Navy and the Marine</u> Corps. And the impact results from the leadership and the middle management and command structures that must relate to these personal financial management hardships and address these problems so that a young person, as a sailor, Marine, is able to effectively respond to the mission task. So the impact on readiness is if a family is not well taken care of, if they can't put food on the table, if they can't pay the rent, can't pay the utilities, or the car is getting ready to repossess, they can't do a good job. And so frequently these are our clients.

Several issues in this briefing are particularly alarming and consistent with other military services. Over $45 million was spent to help provide relief to active duty Navy and Marine Corps personnel, as well as their retired counterparts. Because retired personnel are frequent users of relief aid, it would appear comprehensive, relevant training during their active duty years would have been extremely beneficial.

To aid in the effort of increasing financial competencies and combat the problems addressed by Mr. Nemfakos above, DOD has developed and released an eleven-step, self-paced CD-Rom to educate service members on financial fitness. The program is interactive and gives tips on how to budget, invest, and even purchase personal goods and services. According to Iris Bulls (DOD Family Policy Specialist), the CD ROM "is an entertaining and educational CD aimed at young service members ages 18 to 25. It has all the basics they need. But we're hoping it will also whet their appetites to learn even more about financial management." She emphasized the CD is in easy-to-understand language, and even the most computer-resistant service member will find it easy to use. (Stone 1998)

To help foster fiscal management through investments, President Clinton signed the Floyd D. Spence National Defense Authorization Act for FY 2001. The act allowed uniform service members to participate in the Thirft Savings Program (TSP) along with federal civilian employees. Eligibility for service members began on 9 October 2001. The amount contributed to the fund will determine retirement benefits. TSP is similar to 401(k) plans offered by some corporations to their employees. Its overall purpose is to serve as a retirement instrument for those who retire and those members that may leave the service prior retirement.

To better assist servicemen and women manage their TSP funds, the Defense, Finance and Accounting Office has developed the MyPay website to help members start, increase, or decrease funds designated for one of the four funds available to them. Although it is a great asset in helping servicemen prepare for their retirements, the number of participants is lower than expected. This occurrence is not unusual. Normally, people who are educated to handle money are the ones who save and invest. If the TSP program is to grow in membership, better personal financial training is the catalyst. A Treasury Department White Paper (October 2002) deals with this subject in more detail. It states,

> Financial education for people of all ages is important. Studies show that individuals who have received financial education participate more frequently in, and make larger contributions to, employer 401(k) programs and have a

> significantly higher savings rate. Recognizing the important role that financial education plays in preparing Americans to make informed financial decisions every day, the department of the Treasury, demonstrating its long-term commitment to financial education, established the Office of Financial Education (OFE) earlier this year.

More recently, Army leadership developed a Well-Being Program to help soldiers deal with personal and professional financial problems they routinely encounter. In the Army Well-Being (spring 2003 edition), several articles emphasized the commitment Army leaders have in helping soldiers. Specifically, the Well-Being Program recognizes "people" are at the heart of a transforming Army and their needs have to be effectively addressed. For every weapon system, piece of equipment, or vehicle, there is a service member linked to it. The program assists in leader development, self-reliance, and personal goals as well. LTG John Le Moyne characterizes Well-Being in the following manner:

> Army readiness is inextricably linked to the well-being of its people. We know from experience that solid Well-Being programs allow soldiers to focus on missions, training, and operational readiness because they are confident we are taking care of their families. We also recognize that this system must address the needs of all who help the Army accomplish missions: our loyal retirees, our heroic veterans, our dedicated civilians, and our proud soldiers and their families. Well-Being expands the concept of quality of life. It provides an opportunity for service and personal development, a competitive standard of living with benefits, a sense of belonging and support, and an environment of personal enrichment and growth. It includes reliable feedback mechanisms to evaluate the effect and value that programs have on Army people. (Le Moyne 2003, 1)

In response to the rising number of difficulties concerning indebtedness and financial management, Army officials made financial readiness a key component of the program. Financial well-being will help soldiers to better focus on their missions and enjoy their personal time as opposed to fretting over bills. According to the article entitled Financial Readiness is the Key to Family Self-Reliance:

Even when a soldier deploys or mobilizes, the bills and financial obligations don't stop. Army Community Service's Financial Readiness Program is designed to help soldiers and their families become self-reliant in the face of frequent deployments and separations. The Financial Readiness Program provides education and counseling about personal financial affairs such as managing money, long range financial planning, and consumer issues. The goal is to help families be financially sound, self-sufficient, reduce debts and reduce demands for emergency financial assistance. (CFSC, Public Affairs Office 2003, 5)

As seen in the model (figure 6), the initiative of well-being is designed to be a holistic approach to helping service members and their families.

Figure 6. Chart of Army Well-Being Architecture. *Source:* Army Family Liaison Office, *Army Well-Being Newsletter* (spring 2003): 1.

Also, to take the stigma out of seeking financial assistance and to add increased incentive, Army leaders have linked promotion to fiscal health. The Army Well-Being newsletter also published an article that talked about soldiers receiving as much as four promotion points for taking ACS sponsored financial management training. Additionally the article stated:

> Soldiers can receive a total of four promotion points for accumulating 40 hours of course instruction in four ACS programs: New Parent Support Program; Financial Readiness Training; Operation READY classes and Army Family Team Building (Level 1).

Overall, the Well-Being Program will significantly help Army officials deal with the major causes affecting soldiers and not just the symptoms alone.

CHAPTER 3

RESEARCH METHODOLOGY

Background

> The common explanation advanced for the prevalence of financial problems was that the junior enlisted personnel are financially naïve. Many young enlisted members do not anticipate the consequences of acquiring or paying off debts at high interest rates. Purchase decisions are made piecemeal without concern for their cumulative effect on family budgets. Easy availability of credit and credit cards enables members to live beyond their means for a while, but the short-term extravagance then creates a crisis to pay off bills. (Buddhin and Do 2002, 6)

Whether in the civilian sector or the military, increasing debt loads are consistently growing in scope. Scores of Americans are filing for bankruptcy while families and the economy are reeling from the repercussions. To deal with this growing trend, financial training and education is paramount. Development of doctrinally based, “commander-centric” training programs by DOD leaders is key in equipping individuals with the requisite KSAs to effectively handle finances. Strategies for training adult learners are notably different from traditional models, so a comprehensive curriculum must be sought and employed to instruct service members.

The primary research question of this thesis is; does the lack of finance and consumer related training have a negative impact on military personnel readiness? First and foremost, this work will focus on how military members are currently trained on finance-related topics and parallel its construct with the Army’s *Training The Force* manual (FM 7-0). The evaluation will encompass various principles from figure 7 below.

- Commanders are responsible for training.
- NCOs train individuals, crews, and small teams.
- Train as a combined arms and joint team.
- Train for combat proficiency.
  - Realistic conditions.
  - Performance-oriented.
- Train to standard using appropriate doctrine.
- Train to adapt.
- Train to maintain and sustain.
- Train using multiechelon techniques.
- Train to sustain proficiency.
- Train and develop leaders.

Figure 7. Chart: Principles of Training. *Source*: Department of The Army, *FM 7-0 Training the Force*

The most important aspect of FM 7-0's training model is that it gives commanders the primary responsible for training. This feature ensures the organization is able to accomplish its wartime mission. With financial management training, exterior organizations normally perform the training for soldiers. Future personal finance models need to be patterned so that commanders are included in the process ensuring the system is validated. DOD also has a similar goal in mind.

> Prior to assuming a command position as an officer, or a supervisory position at the company, flight or department level as a noncommissioned officer, a Service member shall receive instruction on policies and practices designed to protect financially the junior Service members within their command/supervision, to include those governing commercial insurance solicitation. (Department of Defense 2002, 17)

The secondary questions are:

1. What are some results of inadequate financial readiness training?

2. Are some military members more susceptible to indebtedness than others?

3. What is the current methodology for instructing soldiers in matters of financial literacy?

4. Should DOD develop a joint, comprehensive personal finance curriculum for the Army, Navy, Air Force, and Marines?

The methodology for information gathering is through secondary source data, namely survey instruments and other related data that have been compiled and interpreted by primary source collectors. The data will be condensed and used primarily as a basis for an analysis of the Army's personal financial management program. Specifically, the study will target the personal financial management habits of today's service men and women and the impact on the military as a whole. Additionally, several case studies will be presented concerning active duty service members who have had their financial statuses highlighted in various publications.

Concerning the susceptibility of enlisted members having financial problems, data collected from a 1997 and a 1999 RAND survey will serve as the foundation. According to RAND, its survey data on financial management were drawn from several sources. Among these were: the 1999 Active-Duty Survey (ADS), RAND 1997 Enlisted Career Intentions (ECI) Survey, and the 1996 Panel Study of Income Dynamics (PSID). RAND's 1999 Active Duty Survey was the main effort of the research. It was fielded in late 1999 and primarily focused on evaluating random sample responses from officer and enlisted personnel from each of the four services. The total number of officer and enlisted respondents were 36,000; however, RAND based its analysis only on 8,000 enlisted personnel. Of those 8,000 personnel, all had ten years or less of military service.

In an attempt to ensure data gathered for their study was truly representative, researchers visited several posts and interviewed variety personnel. The following excerpt clarifies the intent an the focus group sought after for the research:

> To gain insight into the type of financial problems that junior enlisted personnel experience, we visited seven military bases and spoke with more than 300 people, including junior enlisted members, unit leaders, personnel support officials, financial management instructors, and base commanders. We made informal visits to Fort Drum, New York (Army); Camp Pendleton, California (Marine Corps); and Edwards AFB, California (Air Force) to discuss financial problems with personal support managers and base officials. We followed up these visits with four intensive three-day visits to Fort Lewis, Washington (Army); San Diego, California (Navy); Offutt AFB, Nebraska (Air Force); and Camp Lejeune, North Carolina (Marine Corps). In these longer visits, we conducted focus groups with junior enlisted personnel as well as with supervisors (platoon and company sergeants and commanders or the relevant comparable groups for the given service).

Although this thesis primarily focuses on the army and soldiers, the RAND report has key information regarding all services.

CHAPTER 4:

ANALYSIS

> Commanders will not tolerate irresponsibility, neglect, dishonesty, or evasiveness. Failure to pay debts *promptly* and *honorably* may require disciplinary or administrative action. If a soldier is not trying to resolve unpaid debts promptly or complaints of repeated failure to pay debts are received, commanders will consider: making it a matter of permanent record denial of reenlistment (enlisted members), administrative separation from the Service, or punishment under UCMJ. (AR 600-15 1986, chapter 3-1)

Over indebtedness is the primary result stemming from the lack of sound money management. Many soldiers consistently violate the guidance set forth in AR 600-15, *Indebtedness of Military Personnel*--namely promptly and honorably paying bills. In 2001, the Office of the Chief of Public Affairs published a comprehensive booklet regarding indebtedness and financial management among soldiers. The publication, entitled “Budgeting Your Dreams,” appeared in the winter 2001 edition of *Hot Topics--Current Issues for Army Leaders.* It focused on making Army leaders aware of the financial plights their soldiers face. Because of 911’s devastation on America, the article may have virtually slipped by unnoticed. However, due to the mounting accumulation of debt among junior enlisted soldiers, it is beneficial for commanders to review the information and disseminate it throughout their units. In relation to the article, the Chief of Public Affairs, Major General Gottardi, remarked:

> Money shapes our lives. Its possession gives a sense of security, while the lack of it fuels our fear of the future. Though not an essential like food, clothing and shelter, money furnishes our material needs. Fortunately, we live in prosperous times that allow our ’needs’ to extend beyond the necessities--we want what we want when we want it. This issue of *Hot Topics* comes just after the holidays, when credit tempted many of us to give in to our impulses with the lure of ’buy now, pay later.’ According to Army Regulation 600-15, *Indebtedness of Military Personnel*, **soldiers are responsible for managing their financial affairs and promptly paying debts.** Yet, as leaders, we recognize and admit that some of our soldiers have financial obligations that exceed their paychecks [emphasis mine].

In his statement, Gottardi alludes that soldiers are in debt over their heads. He emphasized the fact that service members have a duty to promptly repay their obligations in accordance with AR 600-15. Although this regulation is considered the guiding principle regarding personal debt, unfortunately, it does not provide financial management advice.

Earlier in this thesis, the phrase “perception is reality” was mentioned concerning indebtedness readiness. Simply stated, how are leaders supposed to recognize financial difficulties in their respective units? In an effort to assist commanders, CAFAP designed a template outlining common “indicators” of indebtedness. Additionally, CAFAP counselors believe soldiers run the risk of compiling long-term debt if they habitually experience the following occurrences:

1. Delay or skip paying one bill to pay another.
2. Make frequent late payments.
3. Use savings to pay bills or meet routine needs.
4. Always pay the minimum due on credit cards.
5. Cannot build a savings account.
6. Run out of money for such basic items as groceries.
7. Unable to estimate their amount of debt.
8. Use cash advances for daily living.
9. Pawn valuables.
10. Illegally use government credit cards for personal purchases.
11. Write checks and make money machine transactions without including them in a checkbook register.

12. Have no money for small emergencies.

Figure 8 illustrates that another criterion to look for in candidates likely to encounter money problems is marital status.

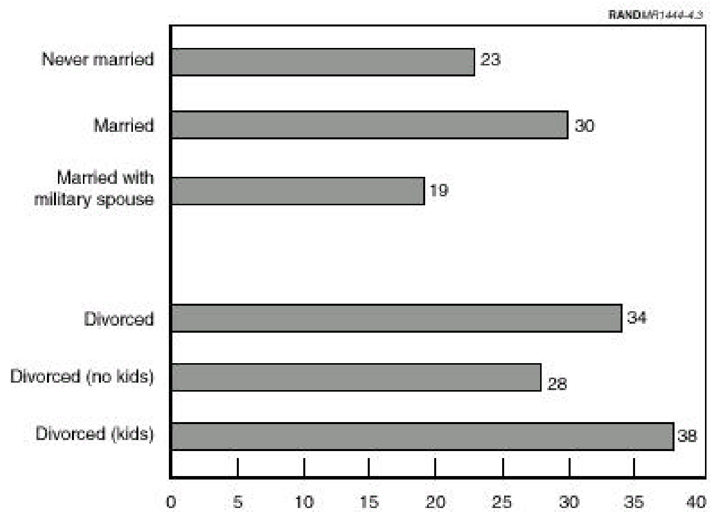

Figure 8. Chart: Predicted Percentage with Serious Bill Problems by Marital and Dependent Status. *Source*: Richard Buddhin, *Assessing Personal Financial Problems of Junior Enlisted Personnel* (Santa Monica, CA: RAND, 1999), 46.

Again, the information confirms that junior enlisted service members, especially married ones, tend to experience frequent financial difficulties. Statistics show married soldiers have more problems than single individuals. Also, divorced members encounter a higher incidence of problems than married couples (4 percent higher). The highest percentage of difficulty by far is shown to be associated with divorced soldiers with more than one child.

Statistically, the evidence from 1995 until present consistently yields the same results: widespread problems regarding financial fitness among military members. So much so, Congress commissioned a study to analyze the impacts on service readiness. The Congressional inquiry was incorporated in H.R. 2586, which requested the Secretaries of the Military Departments and the Secretary of Defense to "report on the personal financial challenges experienced by service members and evaluate personal financial management programs provided by the services." More specifically the legislative committee wanted to assess the following topics:

1. The severity and type of personal financial challenges confronting Service members.

2. The magnitude of personal debt accumulated by Service members.

3. The adequacy of training and assistance programs available to Service members.

4. The merits of other programs recommended to meet the needs of Service members (Department of Defense 2002, 2).

In its response to the legislative committee, entitled Report on Personal and Family Financial Management Programs and dated 31 March 2002, DOD gave an exhaustive assessment on the status of personal finance. Most notably is the area concerning junior enlisted personnel. The study yielded the following results:

1. Service members in the grades of E1-E6 have the most difficult time making ends meet.

2. Problems paying bills stem more from poor levels of financial literacy and poor spending habits than from level of income.

3. Low levels of savings and poor use of credit are common and create long-term personal financial management problems (Department of Defense 2002, 3).

To enhance the financial competency rate among soldiers, organizations specializing in fiscal readiness are the key. Besides CAFAP and other military specific entities, commercial organizations, such as First Command (formerly USP and IRA), also espouse financial readiness. Although First Command is a for-profit, financial planning organization, in 1987 it established a nonprofit entity called the First Command Educational Foundation. According to the foundation's website (www.firstcommand.org/foundation), its objective is to:

> **Improve significantly the short- and long-term personal financial security and success of every member of our US Armed Forces** and their immediate families. Financial security requires knowledge, action, and a disciplined approach to one's personal finances.
>
> We offer resources to help commanders and financial educators prepare their service members for a successful financial life. Our programs include instruction for **financial educators, individual service members, and their families.** Qualified speakers are available without charge through our Speakers Bureau.
>
> We will offer basic financial information free of commercial context. Our goal is to ensure the personal financial success of our constituents. We will remain independent in both thought and action. We will tell the truth. There are many paths to financial security; we will present concepts and options, and respect the views of others.
>
> We believe that personal integrity is the key to personal success. Therefore, we pledge to help instill the traditional values of personal integrity that are so vital to combat readiness and mission accomplishment[emphasis mine].

Besides President Donaldson Frizzell, Charles Nemfakos (former Comptroller of the Navy) is a board member for the foundation. Mr. Nemfakos' commitment to help service members achieve and maintain fiscal freedom has followed him into the civilian sector. In a 2001 Defense News article, Nemfakos stressed the importance of financial readiness among Naval members. Similarly, First Command's Educational Foundation encourages and promotes financial independence through readiness. Additionally, the organization makes a clear distinction about readiness:

> Personal Financial Readiness **Is** Service members learning to live **comfortably within their means**. Establishing a budget. **Paying the bills on time.** Securing adequate insurance coverage. Building personal savings. Investing for the future.

> Personal Financial Readiness **Is not** multiple **credit cards and no savings**. Consumer debt and interest payments at levels, which make progress virtually impossible.
>
> Personal Financial Readiness **Means** Peace of Mind - Freedom from bill collectors. Self-confidence and dignity. Fewer distractions about money and family stress over money issues (www.firstcommand.org/foundation), [emphasis mine].

Why are organizations such as CAFAP so important to the military community? Simply, they help to offset the effects of indebtedness and access to easy credit. Without fail, one of the most pressing challenges facing both the civilian and military sectors is a dependence on credit. Regardless of how bad individual credit histories appear, lending institutions willingly take risks and extend more credit, however at much higher rates. To compound matters, lenders routinely require only minimum monthly payments toward outstanding balances. If the loan recipient only pays the minimum, the debt is bound to persist a very long time. Borrowers paying the minimum amount on an $8,000 loan at an eighteen percent interest rate could take over forty years to pay off. As a matter of practice, credit card companies make a large portion of their revenue from customers who fail to pay their balances in full each month.

According to the 1999 Rand report, researchers confirmed the ease of attaining credit was a major factor leading to indebtedness. Regardless of where service members turn, even in papers such as the *Army Times*, they are constantly bombarded with offers of fast, easy credit. Several companies routinely listed in these papers are Armed Forces Loans, Force One Lending, Loans for Military, and Military Financial. A common thread in each company's appeal tends to be: "No credit? Not a problem, Bankruptcies OK." Potential clients are asked to fill out an online application and fax their latest LES so they can receive up to $3000 within forty-eight hours. Although DOD does not officially sponsor periodicals of this nature, soldiers may be prone to use services because of a "perceived" military connection. From the onset, it seems these organizations are doing service members a favor; yet, accepting more credit to cover existing debt is a proven recipe for disaster. Soldiers requiring extra money sometimes have already fallen prey to detrimental spending habits. Since junior enlisted personnel are more likely to abuse credit, unit leaders should employ and certify adequate training programs to assist in avoiding financial pitfalls.

Similarly, local post papers feature somewhat questionable articles appealing to naïveté of inexperienced personnel. In the 27 February 2003 edition of the *Fort Leavenworth Lamp*, several classified ads appeared "too good to be true." They routinely asked patrons to call certain phone numbers and disclose personal financial information in order to "get help." Several of the ads in the *Leavenworth Lamp* appear as listed below:

> $FREE CASH NOW$ from wealthy families unloading millions of dollars, to help minimize their taxes. Write immediately: I.G.I., 110-64 Queens Blvd. #415, Forest Hills, New York, 11375-6347.
>
> $FREE CASH NOW$ It's true! Never repay! Guaranteed minimum $25,000. Checking account required. Private/government grants. Call now 1-800-369-5541 ext. 6006.
>
> **VISA/MASTERCARD** Up to $20,000. Unsecured/guaranteed. Checking account required. Instant approval! Call now 1-800-346-1193 Ext 9. (*Leavenworth Lamp* 2003, 19)

Although the articles engender skepticism from more mature service members, junior enlisted personnel laden with debt may be easily susceptible. Garrison commanders, CAFAP, and PAO personnel should routinely review local papers to ensure all advertised information is based on legitimate practices.

In an effort to personalize the research rather than citing volumes of raw statistics, the next segment will focus on actual service and family members who are experiencing financial difficulties. Their stories have been compiled from various publications over a several year span. These accounts will be told in a case study format and analysis will follow the culmination of each. The accounts include an active duty Marine (Ssgt. Kristine Scarber), a junior enlisted Army wife (Dana), and a US Army staff sergeant (James Parks).

The first vignette was selected from a 26 July 1999 *Marine Times* article entitled, "How to Keep Yourself and Your Marines Out of Debt." The focal point of the article is Staff Sergeant Kristine Scarber, MCAS, of New River, North Carolina. In her story, Scarber, a public affairs NCO, explains how she was buried in debt until she declared bankruptcy. She traces the problems back to when she was an eighteen-year-old PFC with a credit card. Scarber stated: "I thought I had financial freedom. I was in school in Twenty-nine Palms out in the middle of nowhere and I had a Visa card. I was a PFC with a job and the credit card company saw me coming. I had no idea what 21 percent interest meant. I had no idea that the $20 [minimum] payment meant I was going to be paying on that Visa card for the rest of my life."

During her next ten years of service, Ssgt. Scarber compiled over $24,000 of debt. A large portion was amassed in 1991 after she was married. She completely furnished her home using credit cards. A year later she was divorced and was $11,000 in debt. Between credit cards and signature loans her debt escalated to the breaking point of $24,000. While single and residing on base, the Marine staff sergeant scarcely had $50 remaining to purchase necessities. "I had the salary of a single staff sergeant, living in the barracks, and nothing to show for it. I had no children. I had no house. I had no reason to be in debt. I couldn't even afford to pay rent for a place out in town I had to live in the barracks."

Although she was heavily in debt, Scarber's command was unaware of the situation. Just to survive from month to month, she simply transferred balances from one credit card to another to gain additional funds. Eventually, Ssgt. Scarber sought professional financial help in 1996. She received aid of Consumer Credit Counseling but turned down the recommendations because the budgeting plan was too restrictive. Although she was struggling, Scarber did not seek aid from her chain of command. According to her perception as a Marine NCO, Scarber stated, "Marines don't talk about financial problems unless there's a bounced check or irate creditor calling the command. It's embarrassing, especially as a staff NCO, to admit you can't manage your money." Finally, in desperation, she reluctantly got help by explaining the situation to the first sergeant. She ultimately had to file for bankruptcy to get back to on track. Scarber had to pay a trustee $300 a month for three years to regain financial solvency. Since her ordeal, Ssgt. Scarber she was selected for gunnery sergeant and also remarried. Now, instead of despairing over massive debt, Scarber is saving money and investing for the future.

In Ssgt. Scarber's account several factors stand out, namely lack of financial management, a dependence on credit cards, and the perception she had to keep her situation from her chain of command. Although she was drowning in debt, the proud NCO did not seek help from her superiors. Regarding debt, Mary Page (Program Manager for the Marine Corps Personal Financial Management Program) argued, "debt itself is not the issue--being overly extended is the problem. Overly extended refers to unsecured debt--credit card debt or signature loans, for example that exceeds a person's income. If marines are having financial problems . . . it detracts from readiness (*Marine Times,* 26 July 1999, 14)."

Next, is the story of Dana, the wife of a junior enlisted soldier at Fort Stewart, Georgia. This case study is taken from a 2001 RAND publication entitled *Invisible Women: Junior Enlisted Army Wives*, by Margaret C. Harrell. Although Dana is a false name to ensure confidentiality, the interview content is based on a true account. At the time of the interview, Dana's husband was an E3. When asked about her life as an Army wife and their financial situation, Dana responded with the following information:

> My husband is an E3. Money is really tight. The military's okay, because they provide everything to you, but they pay you so little, and they expect you to live off of it. When he was an E2, I tried to get food stamps, and they said he made $100 too much, so I couldn't get them. And that's weird, because I am on WIC. They go by your base pay, not by your gross net income, which is kind of stupid, because after taxes we have like $200 less. [The trouble began when we moved into the townhouse.] My husband picked it out. He liked it because it was big, but it was $425 a month, which was hard on us because it was more than [our housing allowance], and then the electricity usually ran $100, and we had long distance on our phone, which ran us about $300 a month, with all our family being across the country. And we had our car payment, which was $300 a month, and we couldn't afford it, so that's why they repossessed it, and we had to pay the water bill, and we had a gas bill. It got outrageous. We just couldn't afford it. We got behind in a payment because the Army took $250 out because he was gone the whole month. So they repossessed the car in March. The Army said it was separate rations. $250. They don't realize that that $250 can cover our groceries for two months. We actually make less money while they are away. With the Army, I never know from month to month what he is going to get paid. The $125 is on our tire loan. I get up every morning and take my husband to work so that I can have the car to go to work. One morning I was taking him early, and our headlights don't work so well, so when I came around the corner off of the highway onto the street here, I hit the curb and busted out both of the tires on one side. In order to get them fixed, we got a loan through a loan company and got them fixed. We couldn't have done it on his pay or anything like that. It was a $500 loan, and we have to pay $125 for six months, so they are getting 50 percent of their loan. I thought that was really stupid. There is no way I am paying them 50 percent of their loan, but AER wouldn't help us, because they said, it was something about it wasn't

bad enough as to where we needed a loan from them, like if the transmission went out or something in the car, then they would give us a loan, but with the tires blown, they wouldn't.

Figure 9 is a copy of Dana's husband's LES depicting take home pay after deductions, and allotments.

Pay	Base pay	1,118.00
	BAS [a]	429.00
	BAH[b]	404.00
	Total pay	1,951.00
Deductions	Taxes and medical	171.00
	Meals provided	174.00
	Total deductions	345.00
Allotments	Rent	325.00
	Repossessed car	250.00
	Tire loan	125.00
	CFC[c]	5.00
	Total allotments	705.00
Monthly take-home pay		901.00

Figure 9. Chart of husband's Typical Monthly Pay Statement. *Source:* Margaret C. Harrell, *Invisible Women: Junior Enlisted Army Wives* (Santa Monica, CA: RAND, 15; available from www.rand.org/publications/MR/MR1223/MR1223.ch2., February 2001)

Over the length of the interview period, Dana expressed major financial difficulties regarding their tenure at Fort Stewart. Upon arrival, they only had one child, which made money scarce in the household. By the end of the study, Dana had given birth to another baby and expressed despair over caring for another child on an already limited income. To add more stress, her husband purchased a $2,000 stereo system in anticipation of his E4 pay raise. According to several RAND studies, this financial scenario is very common among grades E1 through E6. Many soldiers experience financial difficulties because they purchase more than they make on a routine basis. In Dana’s case, a $300 phone bill only adds an excess burden on the household income. New initiatives sponsored by Army leadership may aid her family in overcoming its difficulties. Army Well-Being Programs will incorporate financial management courses for spouses into its curriculum.

Lastly, SSG James Parks’ situation is described in the following scenario listed below:

> James and Beverly Parks are coming to terms with a major life challenge--a decrease in their monthly household income and an increase in their household debt. James, 36, is a Staff Sergeant in the Army’s food services division, which prepares meals for troops stationed at Fort Carson Colorado. When the couple was stationed in Alaska from 1998 to 2001, they were receiving a living allowance of roughly $700 a month. They also earned additional income from part-time employment. James found work at a local department store and Beverly as a lab technician. Since moving to Fort Carson, SSG Parks has experienced numerous deployments denying him the opportunity for a second job. This dilemma has led to nearly $30,000 in unsecured debt. On top of this amount, Parks is indebted to the government for $8,000. This repayment of approximately $900 a month stems from several months of erroneously receiving additional Alaska pay at Fort Carson. Over the years, the Parks family has done only minor investing yet SSG Parks looks forward to retiring within three years. (*Black Enterprise* 2003, 68)

Their current financial snapshot is listed at figure 10:

Household Income

Gross Income	$76,000
Rental Income	$ 7,260
Total	**$83,260**

Assets

Home (market value)	$85,000
Money Market	$5,000
Beverly's Thrift Savings	$1,200
Education Savings	$2,400
Total	**$93,600**

Liabilities

Mortgage	$72, 900
Overpayment Allowance	$4,226
Revolving Credit Line	$10,500
Credit Cards	$11,200
James auto loan	$12,000
Beverly's auto loan	$12,000
Beverly's student loan	$1,500
Total	$124,326
Net worth	**$-30, 726**

Figure 10. Chart--Financial Snapshot for James and Beverly Parks. *Source: Carolyn Brown* "Making More With Less," *Black Enterprise,* February 2003, 68-69.

Unlike junior enlisted personnel with fewer than ten years of service, SSG Parks has over seventeen years in the Army. Yet, he tends to exhibit similar financial habits, alluded to by financial specialists that can lead to indebtedness. In the past, SSG Parks depended on a second job to support his lifestyle. Currently, at Fort Carson, he is unable to obtain additional employment because of Army obligations. Parks' financial status was highlighted in the February 2003 edition of *Black Enterprise.* Because he was featured in the article, Parks received $2,000 and free financial counseling. To advise him (Michael

Smith, CFP and CEO of Pro-Focus Inc.) was selected. Smith commented the family was making good money and enjoyed a wealth of subsidies including living on base rent-free. He cited impulsive spending and a lack of credit discipline as the major factor in Parks' negative net worth. Additionally, Smith advised Parks to implement the following measures:

1. Adjust tax withholdings to three exemptions--currently James claims no exemptions.
2. Accelerate debt payments on their revolving lines of credit.
3. Refinance car loans--currently their car notes are $889 monthly.
4. Consolidate life insurance policies to reduce payments from $125 to $60.
5. Contribute to Roth IRAs with savings from insurance premium reduction.
6. Increase rental income from $605 to $735.

Contrary to the average soldier, SSG Parks received a customized spending plan for his home. In this case, the key to the equation is having unfettered access to certified financial planning. To ensure contestants like James Parks start and remain on the road to fiscal independence, *Black Enterprise* encourages them to make a pledge of fiscal discipline. Figure 11 displays a copy of the declaration of financial empowerment selected contest winners have to sign. Since the pledge is in tangible form and must be signed, financial experts believe it well help families to take more stock in their finances.

I, ,

from this day forward, declare my vigilant and life-long commitment to financial empowerment. I pledge the following:

1. To save and invest 10% to 15% of my after-tax income

2. To be a proactive and informed investor

3. To be a disciplined and knowledgeable consumer

4. To measure my personal wealth by net worth, not income

5. To engage in sound budget, credit and tax management practices

6. To teach business and financial principles to my children

7. To use a portion of my personal wealth to strengthen my community

8. To support the creation and growth of profitable, competitive … enterprises

9. To maximize my earning power through a commitment to career development, technological literacy and professional excellence

10. To ensure that my wealth is passed on to future generations.

Figure 11. Chart of Declaration of Financial Empowerment (DOFE). *Source:* Carolyn Brown, “Making More With Less,” (*Black Enterprise,* February 2003) 70.

It is the intent of this thesis to present a balanced report of junior enlisted soldiers experiencing financial problems and those who feel comfortable with their financial statuses. However, an exhaustive search to find soldiers consistently demonstrating financial discipline yielded negative results. The preponderance of articles published concerning soldiers and their finances are normally negative in nature. Yet regarding services overall, the Navy Times highlighted a young sailor well on his way to fulfilling his goal of retiring at age fifty. The article, “Makeovers”, appeared in the 2 August 1999 *Navy Times*, focused on the fiscal habits of Petty Officer (PO) 2nd Class Bernard Greteman. At twenty–three years of age, Greteman has a net worth of $87,177 including cash estimated at $34,777 and no current debt. Greteman, his wife, and daughter resided in Virginia Beach, Virginia, at the time the article was written and earned an annual income of $29,150. The petty officer credits his financial success to “frugal parents who helped him to learn how to manage money.” According to Ron Pearson (a certified financial planner), Greteman is “a great poster child for what should be done, but unfortunately is seldom done. Most 23-year-old enlisted people with a spouse and children are deeply in debt.” Pearson himself is a retired Navy captain who has seen the fiscal plight of enlisted personnel grow worse over the years. To alleviate the mounting debt of junior personnel, DOD and service leaders should focus heavily on getting certified financial planners to assist them.

A key element to Greteman’s plan for financial success is consistent savings plan. Regardless of how much a soldier makes, he or she should set aside a certain percentage of the income for emergencies, investments, quality of life enhancements, and eventually retirement. Once a savings is established, discipline is the key to help it mature in the future. In today’s society, most Americans aspire to be wealthy; yet, they do not lay a foundation to achieve the objective. Because the average service member will not win the lottery or inherit substantial funds from relatives, it is incumbent for them to plan appropriately. If planning is consistent and the investment is disciplined throughout the years, soldiers can become wealthy and build self-reliance. The following segment gives a brief overview mapping out a road to financial freedom.

> The reward of early, continual saving--whether it's $10 or $200 a month--is the growth of money through time and compounding. For example, one person saves $2,000 a year at a 12 percent interest rate from age 22 to 27 then stops. Another person saves $2,000 a year at the same interest rate from age 28 to 65. At age 65, the first person has accumulated $1,348,440 and the second person has accumulated $1,366,020. Although the difference at age 65 is $17,580, the second person contributed $76,000 while the first person contributed only $12,000. (Office of the Chief of Public affairs 2001, 11)

If becoming wealthy is possible, why are so many soldiers missing the mark? According to financial experts, people do not plan to fail--they simply fail to plan financially. Even with the data articulated above, not everyone will earn a million or more dollars by the age of sixty-five. However, the ultimate goal is not to make every soldier rich but to make them better stewards of their money. To help service members gain personal and professional well-being, leaders at all levels are encouraged to implement some or all of the following measures:

> 1. Inform soldiers of their requirement to adequately manage their personal affairs and pay debts promptly. Explain that writing checks on an account that does not contain enough funds is considered a form of indebtedness.
>
> 2. Ensure that soldiers get counseling and advice upon entry into the unit, departure from the unit, upon self-referral, before deployment and upon letters of indebtedness from debt collectors.
>
> 3. Encourage soldiers to take advantage of CAFAP seminars on budget development, checking-account management, credit, debt management, and home and car buying.
>
> 4. Be aware of elements affecting soldiers' financial well-being, such as the local cost of living.

5. Ensure confidentiality of soldiers' financial records and referrals.

6. Link soldiers with counselors who can help them develop spending plans and resolve debts.

7. Encouragingly facilitate the progress of soldiers referred to CAFAP.

8. Employ the Command Financial Specialist Program so soldiers feel comfortable discussing money matters and have easy access to problem resolutions.

9. Suggest that soldiers seek the assistance of off-post counseling agencies if they feel embarrassed using on-post services.

10. Encourage soldiers to plan ahead for family separations, deployments, permanent moves and retirement.

11. Emphasize the importance of saving for the future over instant gratification. (Office of the Chief of Public Affairs 2001, 13)

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

> Due to the rigors of military life, Service members and their families have more difficulty maintaining financial well-being than their civilian counterparts. This is more a function of financial literacy and spending habits than level of income. Enlisted Service members in grades E1 through E6 have the most difficulty maintaining their finances so that they are “able to make ends meet without difficulty” on a regular basis. (Department of Defense 2002, 18)

The primary focus of this thesis is whether or not the lack of personal financial management training has a negative impact on military personnel readiness. In light of the compiled evidence, the answer is yes. DOD and service leaders have concluded that indebtedness issues will not go away own their own or through casual programs--proper training is paramount. To effectively combat the issue and associated problems, Army leaders have to be committed to the financial well being of soldiers. This commitment will help to bolster readiness by ensuring personal financial matters do not impede combat training and decrease productivity.

> Financial problems have impacts on readiness and productivity. According to a Caliber Associates Leadership Survey conducted for the Navy in FY 2000, poor personal financial management costs that Service $250 million annually in productivity and salary losses. Seventy-eight percent of commanders surveyed reported using up to 25 percent of their time addressing financial issues. The Air Force Financial Assessment Survey showed that although E3-E5s comprised 50 percent of the force, they applied for 78 percent of the assistance provided by the Air Force Aid Society, and they received 76 percent of the non-judicial punishment for indebtedness issues. (Department of Defense 2002, 7)

The most critical challenge faced by service members is soldiers in the grades of E1 through E6 experience financial problems at disproportionate rates. This is particularly alarming because NCOs are the immediate trainers and supervisors of soldiers. Since sergeants and staff sergeants are also included in the concerned population, they cannot effectively instruct subordinates regarding proper money management. Though CAFAP specialists have done stellar jobs in mitigating the effects of financial illiteracy, more steps are needed to keep the problems from compounding. First, building a habitual relation between military supervisors and installation financial specialists is imperative. This should significantly increase the financial competence among the junior NCO ranks assisting them to effectively training their soldiers. Teaching junior enlisted soldiers the art of financial discipline will enable them to use the skills throughout their military careers. Hence, when they become E5s and E6s, they should be more prone to displaying sound management skills.

Although proper training for soldiers is available, oftentimes it is more reactive rather than proactive in nature. Most soldiers are sent to in-depth financial training after letters from creditors or bounced checks surface. Additionally, personnel responsible for the primary training are usually located at ACS, which sometimes presents accessibility problems for soldiers. Further, when soldiers are afforded the opportunity to see financial counselors, NCO supervisors are normally left out of the equation. This dilemma leaves the soldier's primary trainer out of the process, effectively hindering successful follow-ups and sustainment training. A further hindrance to quality fiscal training is the reluctance of soldiers to seek help fearing this may impede their career progression. Figure 12 highlights some of the unique challenges associated with the Army's personal financial training programs.

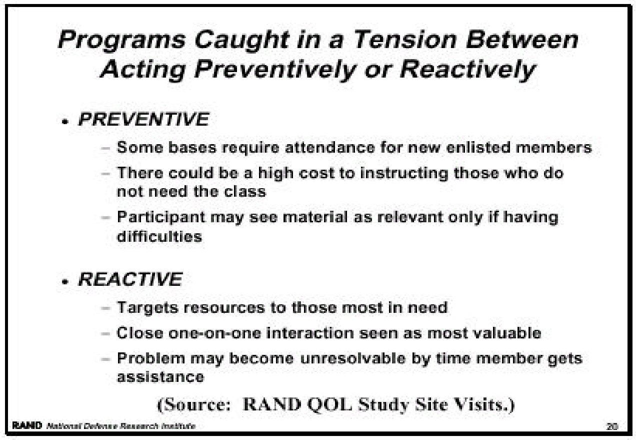

Figure 12. Chart of. Financial Management Problems Among Enlisted Personnel. Peter Tiemeyer*, Programs Caught in Tension* (Santa Monica, CA: RAND, December 1997), 21.

The overall emphasis of an improved training methodology should center on developing financially fit soldiers capable of accumulating and maintaining wealth. This goal will ensure service members exhibit the proper fiscal skills throughout their careers rather than just sporadically. Evidence clearly shows savings rates among junior enlisted soldiers are quite dismal, resulting in a depressed quality of life. The Report of Personal and Family Financial Programs states:

> Savings patterns among junior enlisted Service members also reflect a disproportionately low number establishing savings for emergencies and large purchases in the future. The Army reported that 55.8 percent of enlisted Service members have less than two weeks of emergency savings. Twenty four percent of respondents to the Air Force's Financial Assessment Survey of E3-E5's said that they had no savings, and 29 percent said they had less than $1000 in savings. The Navy reported 54 percent of junior enlisted personnel as having less than $1000 in savings. (Department of Defense 2002,7)

To bolster the savings and investment rates among service members, Congress established the TSP program. However, many soldiers in need of the benefit do not avail themselves of it. To increase participation in the future, a legislative or policy measure could be passed to automatically enroll all soldiers into the TSP program. The initial amount can be a flat fee of approximately twenty-five dollars or based on two or three percent of an individual's income. If members wish to terminate their enrollment, they should do so in writing after a mandatory ninety-day enrollment period. This compulsory measure is not uncommon, because the Servicemen Group Life Insurance (SGLI) is normally operated in the same manner. Soldiers are automatically signed up but can end their coverage by written request.

To better incorporate financial literacy into the Army ethos, DOD needs to develop or certify an existing program of instruction as the baseline for all four services. To ensure the training is relevant and reliable, the participation of certified financial planners is critical. These planners may be contracted from the private sector, acquired from the DOD rolls, or a combination of both. Training should be introduced at all initial entry training for enlisted and officer personnel as well as sustained throughout their careers. DOD officials concur with a "life cycle" approach to personal resource management. In their Congressional response, they summarized the following:

> The Services recognize the need to program for a 'life cycle' of education and training that can prepare Service members and their families for their changing financial needs. Most critical is starting young Service members and young families off on the right path to financial success. The Services recognize that Service members need to be financially literate by the time they have been at their first duty station for 90 days. The Services agree instruction provided at basic military training can only convey the very basic information that helps to ensure enlistees can open a bank account (to receive their pay) and understand how to write checks to access their money. Advanced training schools and the first duty station are preferred venues to conduct financial literacy instruction. The Services see the use of professional financial management instructors as necessary to providing effective training. This can be accomplished through the use of personal financial managers/financial educators and contractors, as well as potentially through instructors provided by partnerships with non-profit organizations. The

> Services recognize that drill instructors or trainers from other disciplines cannot effectively teach financial literacy programs. (Department of Defense 2002, 14)

Although financial management issues are prevalent throughout the ranks, DOD and service leaders have taken numerous measures to mitigate them. Since 1996, there have been many forums assembled to discuss the impacts of personal financial management training. Some of them have resulted in several positive measures for soldiers, namely the Uniformed Services TSP, command financial specialists (CFS), and targeted pay raises. To ensure these programs continue to gain effectiveness throughout the Army, unit leaders should assimilate them into their training plans. Also, widespread publicity should be mandatory to ensure soldiers at all levels are exposed to the information.

Currently, open seasons for the military TSP programs are normally published through passive media like leave and earnings statements (LESs). Company commanders and first sergeants should designate CFS personnel and make them responsible for publicizing investment programs such as TSP and savings bonds rallies. Although CFS personnel have been trained and used for nearly five years or more, many unit leaders are unaware of their valuable services.

To ensure ease of accessibility to financial management aids, CAFAP personnel should frequently forward new financial management literature and paraphernalia to each unit. The CFS or other representative can and should create a money management training center to ensure unit personnel have unimpeded access to it within their company area. Within these assigned areas, bulletin boards can be used as an effective tool to publish periodic updates offered by CAFAP personnel. Additionally, housing the interactive financial management CDs at the company level will significantly help to enhance the training posture. If possible, each service member in the grade of E1--E6 should receive a personal copy of the CDs to ensure the entire family can benefit from them.

As a method of engraining the training concept, DOD should establish a "Financial Awareness Week" to highlight the benefits of proper money management. Also, future initiatives should assess the feasibility of creating a web-based financial management and planning site. This measure can augment installation CAFAP personnel who may be currently unable to effectively manage all the personnel they encounter. The best plan would capitalize on the infrastructure already offered by the MyPay website. A cadre of certified financial planners, trained and contracted by DOD, could receive financial management questions directly from members. The response time in light of the request should not exceed one business week. To ensure the inquiry is properly received, auto-reply e-mails should be generated in response to each. Once planners have assessed the soldier's inquiry, he or she can dispense advice electronically, telephonically, or through US mail.

In summary, it is strongly recommended that DOD develop in-depth financial management training POIs. This training should be comprehensive and consistently monitored by leaders at all levels to ensure compliance. DOD should specifically design the program to instruct service members how to consistently manage their money and live within their means, thus ensuring a surplus of funds rather than a deficit. Military pay raises and bonuses are great; however, individual money management is the critical element for success. Even with new funds introduced into the equation, mismanagement of $1100 as opposed to $900 still nets the same result--overextended service members.

Similarly, DOD officials concur with earlier financial management studies published by RAND and conclude that:

> Research suggests that financial problems are shaped more by spending patterns and personal financial management skills, than by income itself. Other determinants of financial stability, such as two family incomes and on-base housing do not impact on a Service member's ability to pay bills on time as much as his or her financial competence and behavior. (Department of Defense 2002, 8)

In light of DOD's response to Congress (Report on Personal and Family Financial Management Programs), service leaders need to take a proactive stance. Since this report assesses the current impact of indebtedness and personal financial management training, it will help Congress and DOD leaders to develop a comprehensive training model.

After a viable program is fully developed, all financial management training should be placed under one centralized command or commander to ensure overall standardization and unity of effort. Since TRADOC is the training agency of the Army, it should take the lead. As stated in FM 7-0: *Training the Force*, commanders are primarily responsible for training. Therefore all financial training efforts should emanate from and be validated by a designated commander. Furthermore, reports and analysis regarding financial difficulties sponsored by DOD and Congress need to pushed down to company command level in a timely manner to aid in implementation endeavors. Currently, there are some excellent programs available for soldiers that unit leaders are unaware of. This disconnect tends to foster fiscal illiteracy rather than alleviate it.

Because CAFAP is currently instrumental in providing the bulk of financial training of soldiers, all counselors should be trained appropriately. Although all counselors receive training, some do not possess a thorough background in financial planning and education. Again, the Report on Personal and Family Financial Programs forwarded to Congress recommended the following improvements regarding instructor training:

> DOD is also developing certification standards for personal financial managers/financial educators. These standards would require them to possess a baccalaureate degree from an accredited college or a combination of education and experiences, and will equip them to serve as accredited financial counselors and maintain national certification as a personal financial management counselor. They would also be required to receive continuing education on personal financial management on an annual basis and maintain professional certification. Along with prescribed qualifications and requirements for annual certification, personal financial managers/financial educators should have standardized position descriptions to provide increased uniformity in assigned duties and grade structure. (Department of Defense 2002, 17)

If these recommendations are adapted, they will overhaul financial management training for the better. Thus, helping to enhance military personnel readiness and well-being.

Although this thesis focuses on active duty military members, the overall goal should strive to produce financially fit men and women for the Total Force. Reserve Component soldiers are routinely mobilized to support the national military strategy. In doing so, many are pulled out of their higher paying civilian jobs to serve in their military capacities for extended periods of time. This financial trauma can leave many of these soldiers and their families in dire financial trouble. DOD officials are aware of this plight and have reported the following findings and recommendations:

> The Army and Marine Corps recognize that the Reserve forces are another population with specific needs and access concerns, and should be included in any financial literacy campaign. Since 59 percent of Reservists are not located within 25 miles of a military installation, providing information and assistance is a more difficult endeavor. Web-based information systems and telephone-supported assistance services provide more flexible options that can potentially meet their assistance needs. Financial literacy training should also be seen as an important part of Reserve training. (Department of Defense 2002, 15)

Some employers make up the difference between civilian and reserve pay but many do not. Various legislators are attempting to remedy this problem by passing bills offering tax breaks to employers who augment compensation for their mobilized employees.

Again, the ultimate goal of financial readiness is to teach personal self-reliance to service members. Knowing soldiers live mobile lifestyles, financial specialists have developed programs to help them adapt to deployments, PCSs, and high cost of living areas. DOD's summary to its Report On Personal and Family Management Programs sets the tone for financial fitness and provides a fitting conclusion to this thesis:

> The personal financial manager/financial educator is the linchpin to successful installation-level programs, providing training and assistance to Service members and training to command financial specialists to accomplish their duties within the units. The command financial specialists provide accessible assistance to Service members and can also assist commanders and supervisors in mentoring their subordinates. These individuals need to be assigned in sufficient quantity and provided adequate training to accomplish their tasks. **Perhaps** most important is the need to **adjust military culture** concerning personal finances. While the culture recognizes the detrimental effect poor financial management can have on a Service member's career, this realization tends to keep individuals from seeking assistance until there are few alternatives**.** Although there is no single solution to this dilemma, **increasing** Service members' **awareness** of good personal financial management practices and **mentoring** them to maintain these habits can have a **positive impact** [emphasis mine]**.** (Department of Defense 2002, 18-19)

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